US Bond funds Post Ouflows on Expectations of Fed Tightening.

Jan 14 (Reuters) – U.S. bond funds faced outflows for the first time in four weeks in the seven days to Jan. 12 on rising prospects that the U.S. Federal Reserve will begin tightening its policy with an interest rate hike as early as March.

According to Refinitiv Lipper data, investors offloaded U.S. bond funds of $3.15 billion, marking the first weekly outflow since Dec. 15.

Investors feared that the Fed will be more aggressive in lifting interest rates after they interpreted minutes from the central banks' December meeting as being more hawkish. Goldman Sachs, J.P. Morgan and Deutsche Bank expect the Fed will raise rates four times this year.

U.S. taxable bond funds posted net selling of $2.96 billion, the biggest outflow in four weeks, while U.S. municipal bond funds received just $7 million in inflows.

U.S. short/intermediate investment-grade funds and U.S. mortgage funds witnessed outflows of $1.4 billion and $466 million respectively, while U.S. loan participation funds and general domestic taxable fixed income funds saw inflows of about $1.8 billion each.

Meanwhile, inflation-protected funds witnessed their first weekly outflow in over five months, although they were a marginal $10 million.

U.S. equity funds drew inflows of $7.99 billion, their smallest net buying in four weeks.

Among sector funds, financials obtained $2.58 billion, the biggest weekly inflow since mid-February 2021. Industrials, tech and consumer staples also lured $0.95 billion, $0.88 billion and $0.81 billion respectively.

U.S. investors secured value funds of $2.8 billion in a fourth successive week of net buying, while growth funds posted outflows of $7.19 billion, the biggest since Dec. 15.

U.S. money market funds saw outflows of $28.4 billion in a second straight week of net selling.

Reuters

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